

Care for Kids Award recipients, and Healthy Families Fairfax certainly exemplifies the positive impact that county-wide programs hope to achieve.

Mr. Speaker, in closing, it is an honor to extend my warm congratulations to Healthy Families Fairfax for all of their achievements. The recognition by the National Association of Counties is well deserved. I call upon my colleagues to join me in wishing the Healthy Families Fairfax future success.

HONORING OAK CLIFF LIONS CLUB

HON. MARTIN FROST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 8, 2003

Mr. FROST. Mr. Speaker, I rise today to honor the Oak Cliff Lions Club. This organization has served the Oak Cliff Community faithfully and continually now for seven decades. It is with great pleasure that I congratulate them on their 70th Anniversary. I am proud to be a member of such an organization, one that promotes education, leadership, strong values, and togetherness.

Lions commit themselves to improving the lives of everyone. They are always determined to help the less fortunate, whether they are thousands of miles away, or just down the street. Through the Lions Club, young people can earn scholarships to participate in both international exchanges and community outreach programs.

Lions Clubs not only promote service to their communities, but to the entire world, with over 1.4 million members in 190 countries. In today's global society, Lions clubs are perhaps more important than ever before. Oak Cliff Lions are looking forward to the challenges of today and tomorrow with optimism and unwavering loyalty. Our message is simple but clear. We serve.

Since Lions clubs were established, Lions have been dedicated to giving something back, and I am certain that the Oak Cliff Lions Club will continue its tradition of selfless service and pride in our great community.

A BILL TO PERMIT COOPERATIVES TO PAY DIVIDENDS ON PREFERRED STOCK WITHOUT REDUCING PATRONAGE DIVIDENDS

HON. WALLY HERGER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 8, 2003

Mr. HERGER. Mr. Speaker, today I rise to introduce the Cooperative Dividend Equity Act. This legislation will help to end an unfair tax on cooperatives and their members.

As those of us from agricultural and rural areas can attest, cooperatives play a vital role in many Americans' lives. Whether it be farmers pooling their resources in order to survive in the global marketplace, consumers maximizing their buying power through volume purchasing, or healthcare facilities providing community-based services—cooperatives facilitate people working together for a common good.

One of the greatest challenges facing cooperatives today is access to capital. In order

to raise much needed capital and avoid further debt, many cooperatives are considering issuing preferred stock. However, under the current tax laws, stock dividends paid to stockholders are taxed three times: (1) When they are earned by the cooperative; (2) when received by the stockholder; and (3) at the corporate level when earnings are distributed.

Members of cooperatives are taxed on income generated by the cooperative. The cooperative itself, however, is not taxed so long as any "patronage income" is distributed to its members. Cooperatives frequently earn at least some non-member, or "nonpatronage," income. Much like a corporation, a cooperative must pay taxes on such nonpatronage income, just as the stockholder, whether a member or non-member, must also pay tax on that income when it is distributed as a dividend. Unlike a corporation, however, cooperatives must then pay what amounts to a third tax due to the operation of an obscure IRS rule.

The "dividend allocation rule" imposes a third level of taxation on the cooperative by reducing the amount of patronage dividends paid to cooperative members. Cooperatives, such as a typical farming cooperative, may deduct dividends paid to patrons from taxable income. IRS regulations, however, provide that net earnings eligible for the patronage dividend deduction are reduced by dividends paid on capital stock. This requirement has been interpreted to mean that even dividends paid out of nonpatronage earnings will be "allocated" to a cooperative's patronage and nonpatronage earnings in proportion to the relative amount of patronage/nonpatronage business done by the cooperative. This "allocation" significantly reduces the amount of net earnings from the patronage operation that may be claimed as a deduction, thus increasing the cooperative's level of taxation.

Put more simply, the "dividend allocation rule" allocates income already taxed against what would have otherwise been a deduction. As a result, cooperatives pay more taxes on income used to pay a dividend on stock than would a non-cooperative corporation.

It is time to end the triple taxation on cooperative income and give farmers, consumers, hospitals, and other coop members the flexibility they deserve in structuring their affairs. It is time to eliminate the dividend allocation rule and pass the Cooperative Dividend Equity Act of 2003.

EMERGENCY WARTIME SUPPLEMENTAL APPROPRIATIONS ACT, 2003

SPEECH OF

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 3, 2003

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1559) making emergency wartime supplemental appropriations for the fiscal year ending September 30, 2003, and for other purposes:

Mr. STARK. Mr. Chairman, I rise today in support of the wartime supplemental appropriations bill. Yet, I am greatly troubled by this vote.

The President's crusade to preemptively invade Iraq without regard to peace or diplomacy was wrong. I voted against the resolution giving him the authority to do so and remain opposed to this war. I continue to question the President's judgment as commander-in-chief. Yet, when our troops are in harms way, Congress has a duty to support them and support them we must.

This bill provides our men and women in uniform with the resources that I hope will bring a swift end to the war and minimize the loss of life. That is why I am voting in favor of it today.

HONORING THE POEMS OF STUDENTS FROM THE JFK INTERMEDIATE SCHOOL IN DEER PARK, NEW YORK

HON. STEVE ISRAEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 8, 2003

Mr. ISRAEL. Mr. Speaker, I rise today to share the poems of the students of the JFK Intermediate School in Deer Park, New York.

Like all of us, the war in Iraq is on the minds of America's children. Students at the JFK Intermediate School have taken time to acknowledge the troops and thank them for their dedication and service to our country.

Kyle Thorn, age 10, writes: "I just want to thank you for protecting not only your country, you are also protecting your people. I also want to thank you for risking your life for every American when you don't even know them. You are what a true American citizen is. When you are out there in Iraq you are not only saluting your country, you are saluting the people in your country."

I join with these students in their continued support and appreciation for our troops at home and abroad and pray for their safe return home.

DEAR SERVICE MEN & WOMEN: Hi my name is Kyle Thorn, I am 10 years old and I live in Derr Park, Ny. I have an older brother who is 14 and a younger sister that is 6. I dont know if you know him but I have an Uncle whose in the Air National 106th Reserve. His name is George Kalamoros.

In this letter I just want to thank-you For protecting not only your country you are also protecting your people. I also want to thank-you for risking your life for every american when you dont-even know them. You are what a true american citizen is. When you are out there in Iraq you are not only saluting your country you are saluting the people in your country.

From,

KYLE THORN.

DEAR ALEX: hI my name is George. Ylitelo. I rote this Letter To Thank you for serving this country. I hope their is no war. You are thought of every day. IF their is A war Dont worry because you are not alone you have U.S.A.

This is the real world so that means George W. Bush mite make some kind of Deal. If he does not you have the Navy, Army, Air Force, Marines. I know you will make It threw the Long Days of hard work in the Desert.

You Friend,

GEORGE YLITELLO.